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<u>REMARKS</u>

Claims 1-10 are pending.

Information Disclosure Statement

The Examiner is requested to return an initialed copy of the PTO-1449 filed with the Information Disclosure Statement of October 23, 2003, to show that the references on the PTO-1449 have been considered.

Rejection of the Claims

In the Office Action, the Examiner rejected claims 1-26. Actually, claims 11-26 were cancelled in a Preliminary Amendment dated October 21, 2003. A copy of that Preliminary Amendment and the postcard indicating that the Preliminary Amendment was received in the U.S. Patent & Trademark Office is enclosed. Accordingly, only those claims that are now pending (Claims 1-10) which have been rejected will be discussed below.

Rejections

First Rejection

Claims 1, 2, 4, 6, 8, 9 and 10 were rejected under 35 U.S.C. 102 (e) as being anticipated by Berstis et al. (hereinafter Berstis) (US 6,282,653). This rejection is traversed.

As this is a rejection under 35 U.S.C. 102 each and every limitation of the claim must be shown specifically or inherently in the reference. This is not the case in the present rejection.

For example, claim 1 requires "a manipulation unit for selection of a desired electronic copyrighted work". In discussing this feature, the Examiner relies on col. 11, lines 37-62. But there is no disclosure that the device 106 can perform the function as sets forth in the portion of the claim cited above. There is nothing specifically or inherently in the reference that has a manipulation unit that will perform selection of "a desired electronic copyrighted work". Also,

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in the rejection, the Examiner cites col. 6, lines 36-42 with the assertion that this discloses "a copyrighted work data storage unit storing electronic copyrighted work data".

Also, in paragraphs 5 and 7, it was also asserted that the manipulation unit performs the specific function claimed, which it does not.

Apparently, the Examiner is asserting that it is possible that the parts in the reference can perform the functions. But a rejection under 35 U.S.C. 102 cannot be based on possibility or probability. See *Continental Can Co. USA, Inc. v. Monsanto Co.*, 948 F.2d 1264, 1268-69, 20 USPQ2d 1746, 1749 (Fed. Cir. 1991), wherein the Court stated as follows:

To serve as an anticipation when the reference is silent about the asserted inherent characteristic, such gap in reference may be filled[such] that the missing ... matter is necessarily present in the ... reference, and that it would be so recognized by persons of ordinary skill ... "Inherency ... may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient..." (emphasis added)

In amended claim 8, in the last paragraph, the Examiner states that col. 8, lines 21-28 disclose this feature. Col. 8, lines 21-28 is as follows:

A control routine then adjusts the given royalty value in a given provider account in response to receipt of an indication that a given digital file associated with the given content provider has been transferred from a source 24 to a target rendering device 26 in a given client computer 40. Periodically, the content provider account is adjusted for any service or processing fees, and the remainder of the account is then distributed to the content provider.

Again, it appears that the Examiner is using the concept of possibility or probability, which is not valid under 35 U.S.C. 102 as set forth above.

With respect to independent claim 10, this claim also includes the manipulation unit and it's function on line 12, which as discussed above is not shown in the reference.

Also, claim 10 includes "A copyright royalty data approval processing unit causing said second communication unit to transmit copyright royalty data recorded in said copyright royalty

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data storage unit to said seller terminal when the copyright royalty data stored in said copyright

royalty data storage unit is approved from said copyright terminal". In an effort to show that this

feature is in the reference, the Examiner relies on col. 9, lines 21-26 of the reference. Col. 9,

lines 21-26 reads as follows:

...then the routine continues at step 68 by testing whether the given client

computer (which generated the request) is authorized to effect the transfer. Step

68 may comprise a simple comparison of the user's account balance and the

royalty amount to be assessed.

The features of claim 10 are not shown.

With respect to the dependent claims, these claims are considered patentable at least for

the same reasons as their base claims.

For the reasons set forth above, the Examiner is requested to reconsider and withdraw the

rejection of the claims under 35 U.S.C. 102.

Second Rejection

Claim 7 was rejected under 35 U.S.C. 103(e) as being unpatentable over Berstis in view

of Official notice. This rejection is traversed.

In the first instance, claim 7 is considered patentable at least for the same reason as its

base claim. Also, while the Examiner relies on official notice. The Examiner is requested to

supply this official notice and especially that this official notice was available before the priority

date of this application.

For the reason set forth above, the Examiner is requested to reconsider and withdraw the

rejection of claim 7 under 35 U.S.C 103.

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Third Rejection

Claims 3 and 5 were rejected under 35 U.S.C. 102(e) as being unpatentable over Berstis

in view of Schelberg et al. (US 2004/0190694).

Apparently, the Examiner should have cited 103. The second reference does not cure the

innate deficiencies of a rejection based on Berstis.

For the reason set forth above, the Examiner is requested to reconsider and withdraw the

rejection of claims 3 and 5 under 35 U.S.C 102(e).

CONCLUSION

Should there be any outstanding matters that need to be resolved in the present

application, the Examiner is respectfully requested to contact Elliot A. Goldberg (Reg. No.

33,347) at the telephone number of the undersigned below, to conduct an interview in an effort to

expedite prosecution in connection with the present application.

If necessary, the Commissioner is hereby authorized in this, concurrent, and future replies,

to charge payment or credit any overpayment to Deposit Account No. 02-2448 for any additional

fees required under 37 C.F.R. §§ 1.16 or 1.17; particularly, extension of time fees.

Dated: February 16, 2006

Respectfully submitted,

Terrell C. Birch

Registration No.: 19,382

BIRCH, STEWART, KOLASCH & BIRCH, LLP

8110 Gatehouse Road

Suite 100 East, P.O. Box 747

Falls Church, Virginia 22040-0747

(703) 205-8000

Attorney for Applicant

Attachments: Preliminary Amendment and Postcard dated October 21, 2003